

Cabin for retired leader rises as feds question UAW spending

PUBLIC RECORDS, BLUEPRINTS AND INTERVIEWS OFFER INSIGHT INTO HOW UAW
LEADERS SPENT MONEY AMID A WIDENING CORRUPTION SCANDAL.

Robert Snell (/staff/30231/robert-snell/), The Detroit News

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 corruption

Detroit — A United Auto Workers nonprofit is building a lakefront cottage for retired President Dennis Williams as FBI agents question union leaders' spending of membership dues and money from Detroit's automakers on personal luxuries.

Public records, blueprints and interviews offer insight into how UAW leaders spent money amid a widening corruption scandal that is expected to lead to additional criminal charges. One previously undisclosed expense is the Williams cottage under construction at the UAW Black Lake Conference Center, a 1,000-acre retreat in northern Michigan financed with interest from the union's \$721 million (https://uaw.org/app/uploads/2018/06/Secretary-Treasurers-Report-for-2018-Convention.pdf) strike fund, which is bankrolled by worker dues.

The UAW's nonprofit real-estate arm Union Building Corp. started building a three-bedroom, three-and-a-half bath, 1,885-square-foot cottage for Williams this year on the shores of Black Lake in Onaway, a half-hour drive south of Cheboygan. The cost of the cottage was unclear but the initial estimate was \$285,000, a cost that likely increased due to labor costs.

Williams retired in June and was implicated in the scandal one month later when prosecutors said he directed subordinates



Former UAW President Dennis Williams.
 (Photo: Todd McInturf, The Detroit News)

(https://www.detroitnews.com/story/business/autos/chrysler/2018/10/26/cabin-retired-leader-rises-feds-question-uaw-spending/1512997002/) to use funds from Detroit's automakers, funneled through training centers, to pay for union

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[travel, meals and entertainment](https://www.detroitnews.com/story/business/autos/2018/09/19/feds-question-uaw-officials-spending-palm-springs-trips/844063002/)
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More: [UAW builds lakeside home for retired president](https://www.detroitnews.com/videos/business/autos/2018/10/30/uaw-builds-lakeside-home-retired-president/1754789002/)
[\(https://www.detroitnews.com/videos/business/autos/2018/10/30/uaw-builds-lakeside-home-retired-president/1754789002/\)](https://www.detroitnews.com/videos/business/autos/2018/10/30/uaw-builds-lakeside-home-retired-president/1754789002/).

The Williams cottage, featuring granite counters, stainless-steel appliances, a wood-burning fireplace, a wine cooler and a patio overlooking Black Lake, was under construction Monday, and workers were spotted on the lakefront property.

Williams, 65, whose Michigan driver's license lists the Black Lake resort as his home address, could not be reached for comment. He has not been charged with wrongdoing during the ongoing investigation.

Cabins at Black Lake have been provided for generations of former UAW presidents, but the Williams cottage is the first one being built during a federal investigation into union spending.

"This is absolutely ridiculous, it's a dereliction of duty and a complete misappropriation of member dues," said autoworker Terry Bowman, 53, an outspoken critic of UAW leaders and a right-to-work activist who works at Ford Motor Co.'s Rawsonville Plant in Ypsilanti Township.

Blueprints indicate the Williams cottage is the fourth cabin on the property.

The cottage is being built as FBI agents question UAW officials' use of almost \$1 million of membership dues on [condominiums, liquor, food and golf](https://www.detroitnews.com/story/business/autos/2018/09/19/feds-question-uaw-officials-spending-palm-springs-trips/844063002/)
[\(https://www.detroitnews.com/story/business/autos/2018/09/19/feds-question-uaw-officials-spending-palm-springs-trips/844063002/\)](https://www.detroitnews.com/story/business/autos/2018/09/19/feds-question-uaw-officials-spending-palm-springs-trips/844063002/) in Palm Springs, Calif. Gary Jones held annual conferences in Palm Springs before succeeding Williams as union president.

The timing of the cottage construction and appearance send a bad message to rank-and-file UAW workers, said Peter Henning, a Wayne State University law professor and former federal prosecutor.

"This doesn't help the view that the leadership has feathered its own nest over advancing the cause of the members," Henning said.

The Williams cottage is a contrast to the rustic lodging available to rent at the 241-room resort.

Opened in 1970, the center features a campground, gym, Olympic-size pool and an adjacent golf course. The ashes of former UAW President Walter Reuther and wife May were scattered on the center's grounds after the couple was killed in an airplane crash nearby.

The UAW flirted with selling the Black Lake retreat in early 2010 during the Great Recession, citing shrinking membership. At the time, the retreat had lost an estimated \$23 million during the previous five years and the UAW was forced to borrow to keep it afloat, according to Labor Department filings.

"It's not a big, fancy joint for the most part," said Kristin Dzikczek, vice president of industry, labor & economics at the nonprofit Center for Automotive Research, who stayed at the resort earlier this year for an industry event. "It's not all granite counter tops and swankiness."

The retreat is owned by Union Building Corp. Williams was president of the nonprofit, according to its most recent tax filing.

UAW spokesman Brian Rothenberg declined to answer questions about the cottage or whether the union has provided federal investigators with records related to the spending.

The U.S. Attorney's Office declined comment about the investigation.

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The cabin construction started after the union faced a serious budget crunch in 2014.

In response, members approved the first hike in membership dues in almost 50 years. The increase generated more money for the UAW strike fund, which bankrolls the union's resort in Black Lake.

Simultaneously, prosecutors and former UAW official Nancy Adams Johnson say Williams directed subordinates to save money by having Detroit's automakers pick up entertainment, travel and meal expenses incurred by "senior UAW officials, their friends, family and allies."



This rendering shows the Dennis Williams cottage being built by the UAW on the shores of Black Lake.

(Photo: Cheboygan County)

Once members started paying higher union dues, a UAW subsidiary started acquiring new boats.

On June 9, 2015, the UAW subsidiary Union Building Education Inc. registered two Lund fishing boats and two Aqua Patio pontoon boats, according to the Michigan Secretary of State. The purchase would have totaled \$65,000 based on average retail price data compiled by J.D. Power.

Union Building Education Inc. manages, operates, and maintains the Black Lake education center. The subsidiary posted a \$2.8 million loss (<https://www.documentcloud.org/documents/5019028-UBE-2017-Audit.html>) last year, according to its audited financial statement.

The center requires about 2 percent of the UAW's annual budget, Williams told (<http://webcache.googleusercontent.com/search?>



The entrance to the UAW property on Black Lake, south of Cheboygan, is seen on October 22.

(Photo: John L. Russell, Special to The Detroit News)

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It is unclear who is using the boats, which generate little income for the Black Lake resort.

Last year, Union Building Education Inc. reported \$1,690 in "boat income," according to the group's audited financial statement. The source of boat revenue was unclear Thursday and the UAW did not respond to messages seeking comment.

In September 2015, three months after the boat purchases, the government's investigation into corruption involving the UAW and Fiat Chrysler Automobiles NV emerged publicly. (<https://www.detroitnews.com/story/news/local/detroit-city/2017/08/14/feds-poised-seize-fca-scandal-figures-homes/104607672/>).

Since then, federal prosecutors have secured the convictions of seven people linked to a conspiracy in which the government says Fiat Chrysler funneled cash and things of value to UAW officials in an attempt to influence the collective-bargaining process.

A team of agents from the FBI, Internal Revenue Service and Labor Department, meanwhile, have widened an investigation

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Construction is ongoing on a new cottage on Black Lake for retired UAW President Dennis Williams.

(Photo: John L. Russell, Special to The Detroit News)

(<https://www.detroitnews.com/story/business/autos/general-motors/2017/11/02/uaw-training-center-investigation-expands-big-detroit-three/107251546/>) that has caused upheaval (<https://www.detroitnews.com/story/business/autos/general-motors/2017/12/13/ex-uaw-vp-ashton-resigns-gm-board/108582808/>) at the top ranks (<https://www.detroitnews.com/story/business/autos/chrysler/2018/04/05/feds-raided-uaw-leader-house-amid-corruption-probe/33579403/>) of the auto industry and raised questions (<https://www.detroitnews.com/story/business/autos/chrysler/2018/08/13/fca-uaw-conspiracy-ran-deeper-longer-lawyer-says/981325002/>) about the sanctity of labor negotiations.

In recent months, prosecutors labeled the UAW and Fiat Chrysler co-conspirators in a conspiracy to corrupt the bargaining process (<https://www.detroitnews.com/story/business/autos/2018/06/12/feds-label-fiat-chrysler-uaw-co-conspirators/695076002/>).

In June, UAW delegates approved providing Williams with the use of a cottage.

The Williams cottage was under development by that point.

Union Building Corp. pulled a permit (<https://www.documentcloud.org/documents/5021243-Union-Building-Corp-permit.html#document/p2/a463200>) to replace a cabin with the Williams cottage in January, according to Cheboygan County records obtained by The News.

The president of Union Building Corp. was Williams, according to the nonprofit's most recent tax filing (<https://www.documentcloud.org/documents/5021232-Dennis-Williams-and-UBC.html#document/p7/a463197>).

Several directors appointed to help oversee Union Building Corp. have been linked to the corruption investigation. They include former UAW Vice President Norwood Jewell (<https://www.detroitnews.com/story/business/autos/chrysler/2018/02/01/feds-eye-pricey-party-honoring-embattled-uaw-leader/110026950/>), whose home was raided by federal investigators (<https://www.detroitnews.com/story/business/autos/chrysler/2018/04/05/feds-raided-uaw-leader-house-amid-corruption-probe/33579403/>), and Vice President Cindy Estrada.

Late last year, The News revealed



Joe Ashton, left, and Cindy Estrada
(Photo: The Detroit News)

(<https://www.detroitnews.com/story/business/autos/general-motors/2017/11/02/uaw-training-center-investigation-expands-big-detroit-three/107251546/>) federal agents were interested in Estrada and her predecessor Joe Ashton, a retired UAW vice president appointed to GM's board in 2014, according to sources familiar with the investigation.

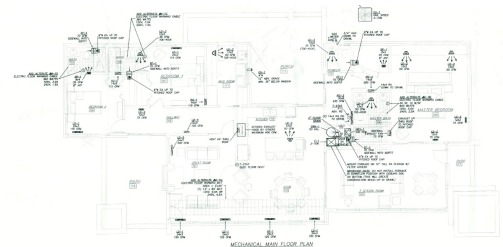
Since that disclosure, Ashton resigned from GM's board and Estrada was transferred to replace Jewell as head of the UAW's Fiat Chrysler department. Neither Ashton nor Estrada have been charged with a crime.

It is unclear when construction started on the Williams cottage, but the cabin's exterior appears close to completion.

One set of blueprints from September 2017 labels the project the "Williams Cottage."

The blueprints show the cottage will be wrapped in a stone veneer and topped with an aged copper metal roof.

Inside, the kitchen will feature cherry cabinets with a "chocolate glaze finish" and walls covered in "white cedar shiplap."



The floor plan for the cottage being built for former UAW President Dennis Williams includes three rooms and three-and-a-half baths.
(Photo: Cheboygan County)

The cottage will include a gas fireplace in the great room, a wood-burning fireplace in the three-season room and "dapple gray" porcelain tile floors.

The cottage has one more flourish, according to the project's blueprints. In Williams' master bedroom, behind a hinged bookshelf door, is a hidden storage room.

"The UAW was created to represent employees in the workplace, not to buy boats at a vacation property up north or a cabin for Dennis Williams," Bowman, the autoworker, said. "They are completely disregarding the membership and tapping into the good-old-boys club and using money to support former executives. This shows the divide between the rank-and-file and union executives and how little they think and feel about the actual rank and file."

Williams retired in June but already was planning on a prolonged stay in Black Lake.

The cottage is listed as his home address on state registration forms for two new boats purchased this year that would have retailed for approximately \$92,000, according to state watercraft registrations.

One of the boats, a 24-foot Berkshire pontoon, is marketed as a "bar boat" for entertaining people on the water. The 2019 model was purchased in February and retails for approximately \$55,000.

